
NEW QUEBEC RAGLAN
MINES LIMITED

ANNUAL REPORT – 1980

NEW QUEBEC RAGLAN MINES LIMITED

HEAD OFFICE

40th Floor, Commerce Court West Toronto

DIRECTORS

*P.-E. Auger, O.C. Quebec

T. J. Desanti Toronto

*J.-H. Gagné, Q.C. Quebec

L. C. Kilburn Toronto

*G. P. Mitchell Toronto

T. F. Pugsley Toronto

* Member of Audit Committee

OFFICERS

L. C. Kilburn President

T. F. Pugsley Vice-President

J. M. DaCosta, Q.C. Secretary

N. H. Witherell Treasurer

J. O. Kachmar Controller

AUDITORS


Thorne Riddell Toronto

REGISTRAR AND TRANSFER AGENT

Crown Trust Company
1 First Canadian Place Toronto

ANNUAL AND SPECIAL GENERAL MEETING

Monday, June 29, 1981
11:00 a.m. (Toronto Time)
Engineers Club, 105 Victoria St., Toronto, Ontario



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NEW QUEBEC RAGLAN MINES LIMITED

P.O. BOX 40, COMMERCE COURT WEST,
TORONTO, ONTARIO, CANADA M5L 1B4

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The Corporation's wholly owned subsidiary, Raglan Quebec Mines Limited, holds mineral exploration permits totalling 326 square miles and 167 mineral claims located in the Ungava region of Quebec.

In 1980 an airborne magnetometer survey was flown over the permit areas and rehabilitation of equipment and facilities was completed in preparation for the 1981 diamond drilling and surface mapping program.

An extensive review of feasibility studies has been carried out. Methods of providing less expensive power and reduced construction costs for the plant have been identified for further technical and economic evaluation in 1981. Continued emphasis will be placed on reducing infrastructure costs and improving transportation aspects of the project.

The Consolidated Financial Statements of the Corporation and its subsidiary Raglan Quebec Mines Limited for the year ended December 31, 1980 are included in this report.

On behalf of the Board of Directors,

Toronto, Ontario
May 20, 1981

L. C. KILBURN,
President.

NEW QUEBEC RAGLAN

(Incorporated under the laws of the Province of Quebec)

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS

	1980	1979
Cash and short term securities, at cost which approximates market value .	\$ 42,676	\$ 87,535

FIXED ASSETS

Mineral exploration licences and staked claims in the Cape Smith-Wakeham Bay area of Ungava, Quebec, at cost	81,000	81,000
Buildings and prospecting equipment, at nominal value	1	1
	<u>81,001</u>	<u>81,001</u>

DEFERRED EXPENDITURES

Exploration, development and other expenditures deferred (notes 2 and 5)	<u>29,716,423</u>	<u>28,509,489</u>
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	<u>\$29,840,100</u>	<u>\$28,678,025</u>
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AUDITOR'S REPORT

To the Shareholders of
New Quebec Raglan Mines Limited

We have examined the consolidated balance sheet of New Quebec Raglan Mines Limited as at January 28, 1981, and the changes in financial position for the year then ended in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary.

In our opinion, these consolidated financial statements present fairly the financial position of New Quebec Raglan Mines Limited as at January 28, 1981, and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada
January 28, 1981

AN MINES LIMITED

(Incorporated under the laws of Ontario)

STATEMENTS AS AT DECEMBER 31, 1980

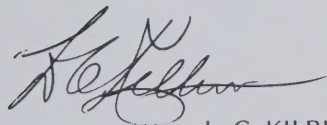
LIABILITIES

CURRENT LIABILITIES	1980	1979
Accounts payable and accrued liabilities	\$ 6,126	\$ 15,743
LONG TERM LIABILITIES		
Loans from Falconbridge Nickel Mines Limited (note 3)	108,683	
MINORITY INTEREST		
Preferred shares of subsidiary company issued to Falconbridge Nickel Mines Limited (notes 2 and 4)	18,404,477	17,396,566

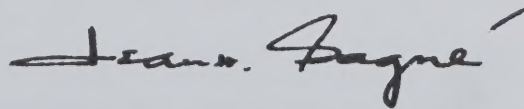
SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized — 8,000,000 shares of \$1 each		
Issued — 7,763,871 shares (note 2)	7,763,871	7,763,871
Amount representing exploration expenditures made by Falconbridge Nickel Mines Limited for which shares are to be issued (note 2)	55,174	76
PREMIUM ON SHARES	7,382	7,382
	7,826,427	7,771,329
CONTRIBUTED SURPLUS ARISING FROM REDUCTION OF CAPITAL		
IN 1965 (note 6)	2,197,496	2,197,496
RETAINED EARNINGS	1,296,891	1,296,891
	11,320,814	11,265,716
	\$29,840,100	\$28,678,025
Contingency (note 5)		

Approved by the Board



L. C. KILBURN, Director




J.-H. GAGNÉ, Director

REPORT

we have examined the consolidated financial statements of Falconbridge Nickel Mines Limited as at December 31, 1980 and the consolidated statements of exploration, then ended. Our examination was made in accordance with generally accepted auditing standards in the circumstances.

In our opinion, the consolidated financial position of the company as at December 31, 1980 and the results of its operations are fairly presented in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.


Chartered Accountants

NEW QUEBEC RAGLAN MINES LIMITED

CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED Year Ended December 31, 1980

Exploration	1980	1979
Direct costs		
Feasibility study	\$ 160,180	
Geological expenses	84,018	\$ 650
Geophysical expenses	122,628	
Diamond drilling	136,592	
Camp operation	215,689	
Other expenses	288,804	
	<u>1,007,911</u>	<u>650</u>
Indirect costs		
Property maintenance	79,288	53,948
	<u>1,087,199</u>	<u>54,598</u>
Financing		
Value assigned to shares of company to be issued as additional consideration to Falconbridge Nickel Mines Limited for making expenditures on subsidiary company's property (note 2)	55,098	35
Administrative	69,949	28,217
Total expenditures for the year	<u>1,212,246</u>	<u>82,850</u>
Deduct		
Proceeds from sale of equipment		94,292
Interest earned	5,312	3,061
	<u>5,312</u>	<u>97,353</u>
INCREASE (DECREASE) IN EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES	1,206,934	(14,503)
EXPENDITURES DEFERRED AT BEGINNING OF YEAR	<u>28,509,489</u>	<u>28,523,992</u>
EXPENDITURES DEFERRED AT END OF YEAR (note 5)	<u>\$29,716,423</u>	<u>\$28,509,489</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION Year Ended December 31, 1980

WORKING CAPITAL DERIVED FROM	1980	1979
Preferred shares of subsidiary company to be issued for exploration expenditures	\$ 1,007,911	\$ 650
Shares of company to be issued for expenditures on the subsidiary company's property	55,098	35
Proceeds from sale of equipment		94,292
Interest earned	5,312	3,061
Loans from Falconbridge Nickel Mines Limited	108,683	
	<u>1,177,004</u>	<u>98,038</u>
WORKING CAPITAL APPLIED TO		
Exploration, development and other expenditures	1,212,246	82,850
INCREASE (DECREASE) IN WORKING CAPITAL	(35,242)	15,188
WORKING CAPITAL AT BEGINNING OF YEAR	<u>71,792</u>	<u>56,604</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 36,550</u>	<u>\$ 71,792</u>

NEW QUEBEC RAGLAN MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 1980

1. BASIS OF CONSOLIDATION

These financial statements include the accounts of the company and its subsidiary company, Raglan Quebec Mines Limited (No Personal Liability).

2. EXPLORATION AND DEVELOPMENT AGREEMENTS

In accordance with agreements entered into with Falconbridge Nickel Mines Limited, Falconbridge has undertaken exploration and development work on the subsidiary company's properties. As consideration Falconbridge receives:

One share of \$1 par value of the subsidiary's redeemable, cumulative preferred shares for each \$1 of expenditure and,

One share of New Quebec Raglan Mines Limited for each \$37.50 of expenditure.

Prior to 1977 the company recorded the issuance of its shares at \$15 and \$12 per share which were the approximate fair market values of the shares at the dates of signing the prior agreements. Shares issued pursuant to a new agreement dated January 1, 1977 are to be issued at \$2.05 per share which is the approximate fair market value at that date. Pursuant to the agreements, Falconbridge incurred expenditures for which shares have been issued or are to be issued as follows:

	Expenditures	Preferred shares of subsidiary — par value	Shares of company — number
Total at January 1, 1979	\$17,395,916	\$17,395,916	263,891
1979	650	650	17
1980	1,007,911	1,007,911	26,877
Total at December 31, 1980	<u>\$18,404,477</u>	<u>\$18,404,477</u>	<u>290,785</u>

Falconbridge has the right under the agreements to continue exploration and development on the properties, expend further amounts thereon up to \$1,595,523 and receive as consideration preferred shares of the subsidiary company at par value and in addition one share of the company's capital stock for each \$37.50 of such expenditure.

The federal income tax benefits with respect to these expenditures are claimable by Falconbridge and are not claimable by the subsidiary company.

3. LONG TERM LIABILITIES

The loans from Falconbridge Nickel Mines Limited of \$108,683 bear interest at prime plus 1¾% (20% at December 31, 1980). The loans are due on August 1, 1982; however, the company is required to repay the loans out of any prior financing raised for the purpose of putting the property of Raglan Quebec Mines Limited situated in the Cape Smith-Wakeham Bay area into commercial production.

4. ARREARS OF DIVIDENDS

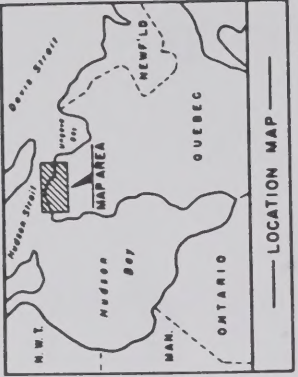
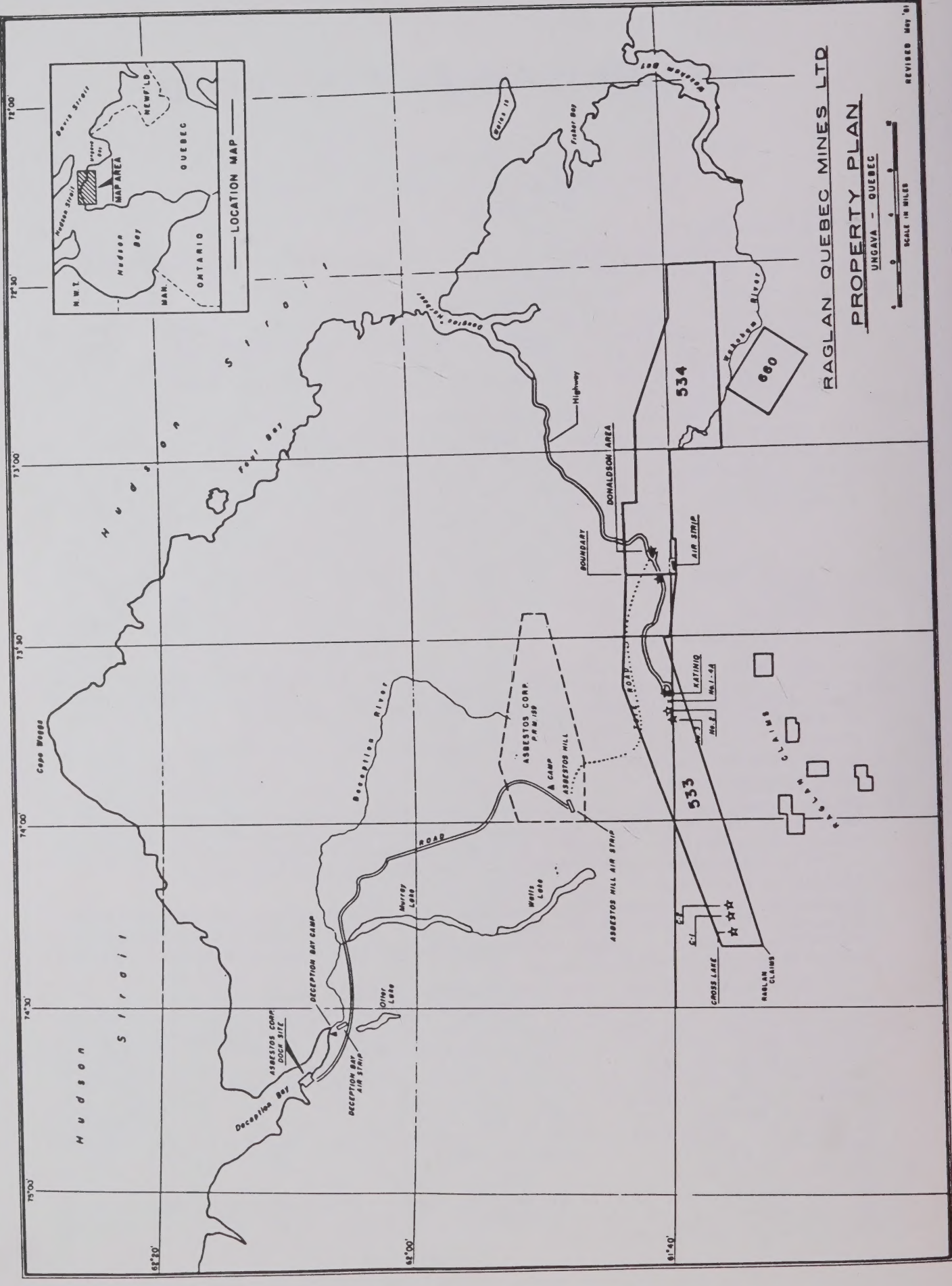
Arrears of dividends on the cumulative preferred shares of the subsidiary company amount to \$12,590,132 at December 31, 1980 and \$11,378,364 at December 31, 1979. The subsidiary company has agreed that it will not pay dividends on its common shares or make any other payments to its common shareholders until all of its third preferred shares are redeemed.

5. EXPLORATION, DEVELOPMENT AND OTHER EXPENDITURES DEFERRED

Exploration, development and other expenditures incurred in the development of properties of the subsidiary company in the Cape Smith-Wakeham Bay area, amounting to \$29,716,423 at December 31, 1980 (\$28,509,489 at December 31, 1979) have been deferred with the intention that they should be amortized by charges against income from future mining operations. Development work on the properties was suspended in 1971 and since that time studies have continued on the feasibility of alternate methods of bringing the properties into production. Profits which are commensurate with the risks of operating in such a remote northern location, must be indicated before development to production. The exploration permits and development licences pertaining to these properties expire in 1982 and the company has no reason to believe that new permits will not be issued.

6. CONTRIBUTED SURPLUS

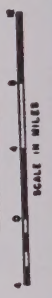
Pursuant to supplementary letters patent dated December 14, 1965, 3,750,000 of the 7,500,000 shares then outstanding were cancelled and the amount for which the cancelled shares had been issued was designated as contributed surplus.



RAGLAN QUEBEC MINES LTD

PROPERTY PLAN

UNGAVA - QUEBEC



REVISED MAY '81

